

•which, half has been paid up.¹ The first charter was for thirty years, but a new convention of February 17, 1875, prolonged the privileges of the bank for an additional period of twenty years, until 1913. The bank is required to maintain a cash reserve equal to one-third of its circulating notes and these notes must be paid in coin to the bearer on presentation. They are a legal tender in the districts in which they are issued and where the branches of the bank are established. The government is pledged by the charter to issue no paper money during the continuance of the bank and to authorize the creation of no other bank or establishment with like privileges.

The Turkish people have not yet become large users of bank-notes and are easily excited to distrust. This happened in the summer of 1894, when some forged notes were found in circulation and the public presented £218,000 for redemption within a week. The circulation at the head office, which was £249,000 during the first week in June, fell to £66,000 during the first week of July. The circulation of the bank was as high as £990,000 in 1893, but was only £838,797 at the close of 1894. The experience of this run taught the management the importance of maintaining a strong coin reserve and prepared them for the run which set in during the political disturbances growing out of the Armenian massacres in the autumn of 1895. The government offered the bank the privilege of suspending specie payments for thirty days, but the offer was declined and £1,300,000 in gold was obtained early in November from the Bank of France. The Imperial government were so pleased with the spirit shown by the bank that the charter was extended for twelve years until 1925.*

The bank has been extending its branches of late years and has been finding them more profitable as their convenience to commerce has come to be understood. Branches exist at Smyrna, Bagdad, Aleppo, Alexandria, and many other points, and those at Smyrna and Bagdad have shown a material

¹ *Revue des Banques*, May, 1895, XIV., 100.

² *London Bankers' Magazine*, December, 1895, XL., 726.